

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 /018 W

-----040851Z 122803 /22

R 040710Z MAY 77

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 2392

INFO USDOC WASHDC

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E.O. 11652: N/A

TAGS: BENC USIRJC

SUBJ: REZA PAHLAVI INDUSTRIAL COMPLEX

REF (A) STATE 093485 (B) STATE 063075

1. EMBOFF SPOKE ON MAY 3 WITH FARHAD BADIE, REZA PAHLAVI INDUSTRIAL COMPLEX, OFFICER IN CHARGE OF PLANNING, CONCERNING POSSIBILITY OF SALE

BY FIRST INTERNATIONAL DEVELOPMENT CORP OF STRUCTURAL STEEL PLANT OWNED

BY BETHLEHEM STEEL. BADIE EXPRESSED INTEREST IN THE PROPOSITION AND WOULD WELCOME RECEIVING FROM MR. GEORGE K. PENDER A LETTER SETTING FORTH DETAILS OF THE PROPOSAL--I.E., PLANT FACILITIES, CAPACITY, COST,

FINANCING, ETC. IN COURSE OF CONVERSATION, HE MENTIONED THAT HE HAD RECEIVED AN INQUIRY FROM MR. S.M. KARAPETIAN (SEE PARA ONE, REFTEL A) CONCERNING MR. PENDER'S PROPOSAL. HE PROFESSED IGNORANCE OF MR. KARAPETIAN'S ROLE IN PROPOSED TRANSACTION OTHER THAN TO SAY THAT APPARENTLY MR. KARAPETIAN AND PENDER WERE FRIENDS. HE NOTED THAT REZA PAHLAVI INDUSTRIAL COMPLEX COULD NOT RPT NOT DEAL WITH FOREIGN SUPPLIERS THROUGH ANY IRANIAN AGENTS OR MIDDLEMEN AND WERE OBLIGED TO DEAL DIRECTLY WITH MANUFACTURERS.

2. FARHAD BADIE IS GOI OFFICER RESPONSIBLE FOR REVIEWING PROPOSALS

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SUBMITTED BY FOREIGN FIRMS. IN MAJOR TRANSACTIONS, HE MUST, OF COURSE, SECURE APPROVAL OF HIGHER AUTHORITY BUT HE IS THE ACTION OFFICER IN THE FIRST INSTANCE. IN EMBASSY'S VIEW, IT IS BADIE, NOT RPT NOT KARAPETIAN (WHO IS AN IRANIAN BUSINESSMAN) WHO DETERMINES WHAT REZA PAHLAVI INDUSTRIAL COMPLEX BUYS FROM ABROAD AND WHICH FOREIGN PARTNERS COMPLEX WILL JOINT VENTURE WITH. EMBASSY, OF COURSE, HAS NO KNOWLEDGE OF RELATIONSHIP BETWEEN KARAPETIAN

AND PENDER BEYOND THAT REPORTED REFTEL A. IT CAN BE ASSUMED, HOWEVER, THAT REZA PAHLAVI INDUSTRIAL COMPLEX WOULD BALK AT ANY PARTICIPATION BY KARAPETIAN WHICH WOULD HAVE EFFECT OF INCREASING FINAL PRICE OF BETHLEHAM STRUCTURAL STEEL MILL.

3. IF MR. PENDER WISHES TO PURSUE MATTER DIRECTLY WITH MR. BADIE, WE SUGGEST THAT HE PREPARE A WRITTEN PROPOSAL SETTING FORTH ALL THE DETAILS, INCLUDING WHATEVER DOCUMENTATION EXIST CONCERNING PRESENT TITLE TO THE STEEL MILL. EMBASSY WOULD HAPPY TO FORWARD CORRESPONDENCE TO MR. BADIE.

4. IN COURSE OF CONVERSATION, MR. BADIE SAID THAT HE HAD HEARD FROM ONLY ONE U.S. COMPANY, WHICH HE BELIEVED LOCATED IN PITTSBURG, BUT WOULD LIKE TO HEAR FROM ADDITIONAL FIRMS. IF UNSOC WILL OBTAIN COPIES OF LETTERS WHICH U.S. FIRMS CITED PARA TWO REFTEL B SENT TO BADIE AND SEND THESE TO EMBASSY, WE WILL MAKE CERTAIN THAT MR. BADIE RECEIVES THEM.

5. EMBASSY HAS TRIED REPEATEDLY TO OBTAIN SPECIFIC INFORMATION CITED PARA THREE REFTEL B. IN COURSE OF CONVERSATION WITH MANAGING DIRECTOR HASSAN BAHAR OF REZA PAHLAVI INDUSTRIAL COMPLEX ON APRIL 24, LATTER GAVE TO EMBOFF ESSENTIALLY A REHASH OF WHAT WE HAD PREVIOUSLY REPORTED (SEE TEHRAN 76 12854). MR. BAHAR READ BRIEFLY FROM A SUMMARY OF A SEVERAL-VOLUME ENGINEERING STUDY DONE BY PADECO, JOINT KRUPP-IDRO ENGINEERING JOINT VENTURE. ALTHOUGH BAHAR WAS Pressed TO MAKE A COPY AVAILABLE TO THIS EMBASSY, BAHAR DECLINED TO DO SO SAYING THAT STUDY WAS "ONLY A POINT OF DEPARTURE AND ALL PROPOSALS WILL BE CONSIDERED." WE WILL TRY AGAIN TO OBTAIN THIS SUMMARY WHICH WILL MATERIALLY LIMITED OFFICIAL USE

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ASSIST U.S. COMPANIES IN MAKING DECISION ON JOINT VENTURE FOR ONE OR MORE OF THE FACILITIES BEING CONTEMPLATED FOR THE COMPLEX.

6. BADIE DID SAY THAT GOI WOULD, IN ALL PROBABILITY, REQUIRE OIL BARTER FOR ANY MAJOR MUNDERTAKINGS WITH FOREIGN FIRMS.

7. EMBASSY WOULD APPRECIATE BEING INFORMED OF MR. PENDER'S REACTION TO FOREGOING.  
MIKLOS

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